



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

CONGRESSIONAL AFFAIRS

86-2034

SPECIAL

SPECIAL

June 12, 1986

LEGISLATIVE REFERRAL MEMORANDUM

TO:

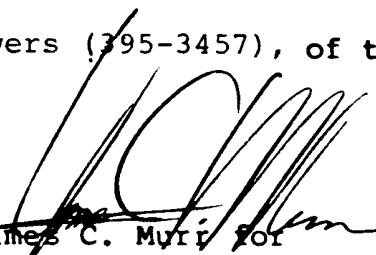
Department of Commerce - Joyce Smith (377-4264)
Department of Defense - Werner Windus (697-1398)
Department of State - Lee Ann Berkenbile (647-4463)
Department of the Treasury - Carole Toth (566-8523)
Department of Justice - Jack Perkins (633-2113)
General Services Administration
National Security Council
✓ Central Intelligence Agency
Office of Personnel Management - Jim Woodruff (632-4682)
Department of Energy - Bob Rabben (252-6718)

SUBJECT: H.R. 2889 -- Computer Security Act -- as ordered
reported by the House Science and Technology Committee
on June 4, 1986. (A copy of the amended version is
attached.)

The Office of Management and Budget requests the views of your
agency on the above subject before advising on its relationship to
the program of the President, in accordance with Circular A-19.

Please provide us with your views no later than June 20, 1986.

Direct your questions to Connie Bowers (395-3457), of this office.


James C. Murri for
Assistant Director for
Legislative Reference

Enclosures

cc: Ed Springer
Arnold Donahue
Kevin Scheid
Sheri Alpert

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*As ordered reported by H. Sci. & Tech.
6/4/86*

[COMMITTEE PRINT]

June 3, 1986

SUBSTITUTE AMENDMENT OFFERED BY MR. GLICKMAN
FOR THE SUBCOMMITTEE AMENDMENT TO H.R. 2889

Strike out all after the enacting clause and insert in
lieu thereof the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the ``Computer Security Act of
3 1986``.

4 SEC. 2. PURPOSE.

5 (a) IN GENERAL.--The Congress declares that improving the
6 security and privacy of sensitive information in Federal
7 computer systems is in the public interest, and hereby
8 creates a means for establishing minimum acceptable security
9 practices for such systems, without limiting the scope of
10 security measures already planned or in use.

11 (b) SPECIFIC PURPOSES.--The purposes of this Act are--

12 (1) to assign to the National Bureau of Standards
13 responsibility for developing standards and guidelines
14 for Federal computer systems, including standards and
15 guidelines needed to assure the cost-effective security

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1 and privacy of sensitive information in Federal computer
2 systems, by amending the Act of March 3, 1901;

3 (2) to provide for promulgation of such standards and
4 guidelines by amending section 111(f) of the Federal
5 Property and Administrative Services Act of 1949;

6 (3) to require establishment of security plans by all
7 operators of Federal computer systems that contain
8 sensitive information; and

9 (4) to require mandatory periodic training for all
10 persons involved in management, use, or operation of
11 Federal computer systems that contain sensitive
12 information.

13 **SEC. 3. ESTABLISHMENT OF COMPUTER STANDARDS PROGRAM.**

14 The Act of March 3, 1901 (15 U.S.C. 271-278h), is
15 amended--

16 (1) in section 2(f), by striking out ``and'' at the
17 end of paragraph (18), by striking out the period at the
18 end of paragraph (19), and by inserting after such
19 paragraph the following:

20 `` (20) the study of equipment, procedures, and
21 systems for automatic acquisition, storage, manipulation,
22 display, and transmission of information, and its use to
23 control machinery and processes.'';

24 (2) by redesignating section 18 as section 20, and by
25 inserting after section 17 the following new sections:

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1 "SEC. 18. (a) The National Bureau of Standards shall--

2 "(1) have the mission of developing standards,
3 guidelines, and associated methods and techniques for
4 computer systems;

5 "(2) except as described in paragraph (3) of this
6 subsection (relating to security standards), develop
7 uniform standards and guidelines for Federal computer
8 systems, except those systems excluded by section 2315 of
9 title 10, United States Code, or section 3502(2) of title
10 44, United States Code;

11 "(3) have responsibility within the Federal
12 Government for developing technical, management, and
13 administrative standards and guidelines for the cost-
14 effective security and privacy of sensitive information
15 in Federal computer systems except--

16 "(A) those systems excluded by section 2315 of
17 title 10, United States Code, or section 3502(2) of
18 title 44, United States Code; and

19 "(B) those systems which are protected at all
20 times by procedures established for information which
21 has been specifically authorized under criteria
22 established by an Executive order or an Act of
23 Congress to be kept secret in the interest of
24 national defense or foreign policy,
25 the primary purpose of which standards and guidelines

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1 shall be to control loss and unauthorized modification or
2 disclosure of sensitive information in such systems and
3 to prevent computer-related fraud and misuse;

4 `` (4) submit standards and guidelines developed
5 pursuant to paragraphs (2) and (3) of this subsection,
6 along with recommendations as to the extent to which
7 these should be made compulsory and binding, to the
8 Secretary of Commerce, for promulgation under section 111
9 of the Federal Property and Administrative Services Act
10 of 1949;

11 `` (5) develop guidelines for use by operators of
12 Federal computer systems that contain sensitive
13 information in training their employees in security
14 awareness and accepted security practice, as required by
15 section 5 of the Computer Security Act of 1986; and

16 `` (6) develop validation procedures for, and evaluate
17 the effectiveness of, standards and guidelines developed
18 pursuant to paragraphs (1), (2), and (3) of this
19 subsection through research and liaison with other
20 government and private agencies.

21 `` (b) In fulfilling subsection (a) of this section, the
22 National Bureau of Standards is authorized--

23 `` (1) to assist the private sector in using and
24 applying the results of the programs and activities under
25 this section;

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1 ``(2) to make recommendations, as appropriate, to the
2 Administrator of General Services on policies and
3 regulations proposed pursuant to section 111(f) of the
4 Federal Property and Administrative Services Act of 1949;

5 ``(3) as requested, to provide to operators of
6 Federal computer systems technical assistance in
7 implementing the standards and guidelines promulgated
8 pursuant to section 111(f) of the Federal Property and
9 Administrative Services Act of 1949;

10 ``(4) to assist, as appropriate, the Office of
11 Personnel Management in developing regulations pertaining
12 to training, as required by section 5 of the Computer
13 Security Act of 1986;

14 ``(5) to perform research and to conduct studies, as
15 needed, to determine the nature and extent of the
16 vulnerabilities of, and to devise techniques for the cost
17 effective security and privacy of sensitive information
18 in Federal computer systems; and

19 ``(6) to coordinate closely with other agencies and
20 offices (including, but not limited to, the Departments
21 of Defense and Energy, the National Security Agency, the
22 General Accounting Office, the Office of Technology
23 Assessment, and the Office of Management and Budget)--

24 ``(A) to assure maximum use of all existing and
25 planned programs, materials, studies, and reports

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1 relating to computer systems security and privacy, in
2 order to avoid unnecessary and costly duplication of
3 effort; and

4 `` (B) to assure, to the maximum extent feasible,
5 that standards developed pursuant to subsection
6 (a)(3) and (5) are consistent and compatible with
7 standards and procedures developed for the protection
8 of information in Federal computer systems which is
9 authorized under criteria established by Executive
10 order or an Act of Congress to be kept secret in the
11 interest of national defense or foreign policy.

12 `` (c) As used in this section and section 19, the terms
13 'computer system', 'Federal computer system', 'operator of a
14 Federal computer system', and 'sensitive information' have
15 the meanings given in section 7 of the Computer Security Act
16 of 1986.

17 ``SEC. 19. (a) There is hereby established a Computer
18 System Security and Privacy Advisory Board within the
19 Department of Commerce. The Secretary of Commerce shall
20 appoint the chairman of the Board. The Board shall be
21 composed of twelve additional members appointed by the
22 Secretary of Commerce as follows:

23 `` (1) four members from outside the Federal
24 Government who are eminent in the computer or
25 telecommunications industry, at least one of whom is

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1 representative of small or medium sized companies in such
2 industry;

3 `` (2) four members from outside the Federal
4 Government who are eminent in the fields of computer or
5 telecommunications technology, or related disciplines,
6 but who are not employed by or representative of a
7 producer of computer or telecommunications equipment; and

8 `` (3) four members from the Federal Government who
9 have computer systems management experience, including
10 experience in computer systems security and privacy, at
11 least one of whom shall be from the National Security
12 Agency.

13 `` (b) The duties of the Board shall be--

14 `` (1) to identify emerging managerial, technical,
15 administrative, and physical safeguard issues relative to
16 computer systems security and privacy;

17 `` (2) to advise the Bureau of Standards and the
18 Secretary of Commerce on security and privacy issues
19 pertaining to Federal computer systems; and

20 `` (3) to report its findings to the Secretary of
21 Commerce, the Director of the Office of Management and
22 Budget, the Director of the National Security Agency, and
23 the appropriate Committees of the Congress.

24 `` (c) The term of office of each member of the Board
25 shall be four years, except that--

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1 “(1) of the initial members, three shall be
2 appointed for terms of one year, three shall be appointed
3 for terms of two years, three shall be appointed for
4 terms of three years, and three shall be appointed for
5 terms of four years; and

6 “(2) any member appointed to fill a vacancy in the
7 Board shall serve for the remainder of the term for which
8 his predecessor was appointed.

9 “(d) The Board shall not act in the absence of a quorum,
10 which shall consist of seven members.

11 “(e) Members of the Board, other than full-time
12 employees of the Federal Government, while attending meetings
13 of such committees or while otherwise performing duties at
14 the request of the Board Chairman while away from their homes
15 or a regular place of business, may be allowed travel
16 expenses in accordance with subchapter I of chapter 57 of
17 title 5, United States Code.

18 “(f) To provide the staff services necessary to assist
19 the Board in carrying out its functions, the Board may
20 utilize personnel from the National Bureau of Standards or
21 any other agency of the Federal Government with the consent
22 of the head of the agency.”; and

23 (3) by adding at the end thereof the following new
24 section:

25 “SEC. 21. This Act may be cited as the National Bureau

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1 of Standards Act.''.
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3 **SEC. 4. AMENDMENT TO BROOKS ACT.**

4 Section 111(f) of the Federal Property and Administrative
5 Services Act of 1949 (40 U.S.C. 759(f)) is amended to read as
6 follows:

7 ''(f)(1) The Secretary of Commerce shall, on the basis of
8 standards and guidelines developed by the National Bureau of
9 Standards pursuant to section 18(a)(2) and (3) of the
10 National Bureau of Standards Act, promulgate standards and
11 guidelines pertaining to Federal computer systems, making
12 such standards compulsory and binding to the extent to which
13 the Secretary determines necessary to improve the efficiency
14 of operation or security and privacy of Federal computer
15 systems.

16 ''(2) The head of a Federal agency may employ standards
17 for the cost effective security and privacy of sensitive
18 information in a Federal computer system within or under the
19 supervision of that agency that are more stringent than the
20 standards promulgated by the Secretary of Commerce, if such
21 standards contain, at a minimum, the provisions of those
22 applicable standards made compulsory and binding by the
23 Secretary of Commerce.

24 ''(3) The standards determined to be compulsory and
25 binding may be waived by the Secretary of Commerce in writing
upon a determination that compliance would adversely affect

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1 the accomplishment of the mission of an operator of a Federal
2 computer system, or cause a major adverse financial impact on
3 the operator which is not offset by government-wide savings.
4 The Secretary may delegate to the head of one or more Federal
5 agencies authority to waive such standards to the extent to
6 which the Secretary determines such action to be necessary
7 and desirable to allow for timely and effective
8 implementation of Federal computer systems standards. The
9 head of such agency may redelegate such authority only to a
10 senior official designated pursuant to section 3506(b) of
11 title 44, United States Code. Notice of each such waiver and
12 delegation shall be promptly transmitted to the Committee on
13 Government Operations of the House of Representatives and the
14 Committee on Governmental Affairs of the Senate.

15 “(4) The Administrator shall ensure that such standards
16 and guidelines are implemented within an integrated
17 information resources management system (as required by
18 chapter 35 of title 44, United States Code) by--

19 “(A) developing and implementing policies on Federal
20 computer systems; and

21 “(B) revising the Federal information resources
22 management regulations (41 CFR ch. 201) to implement such
23 standards, guidelines, and policies.

24 “(5) As used in this section, the terms ‘computer
25 system’, operator of a Federal computer system’, and ‘Federal

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1 computer system' have the meanings given in section 7 of the
2 Computer Security Act of 1986.''.
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4 **SEC. 5. TRAINING BY OPERATORS OF FEDERAL COMPUTER SYSTEMS.**

5 (a) **IN GENERAL.**--Each operator of a Federal computer
6 system that contains sensitive information shall provide
7 mandatory periodic training in computer security awareness
8 and accepted computer security practice. Such training shall
9 be provided under the guidelines developed pursuant to
10 section 18(a)(5) of the the National Bureau of Standards Act
11 (as added by section 3 of this Act), and in accordance with
12 the regulations issued under subsection (c) of this section,
13 for all employees who are involved with the management, use,
14 or operation of computer systems.

15 (b) **TRAINING OBJECTIVES.**--Training under this section
16 shall be started within 60 days after the issuance of the
17 regulations described in subsection (c). Such training shall
18 be designed--

19 (1) to enhance employees' awareness of the threats to
20 and vulnerability of computer systems; and

21 (2) to encourage the use of improved computer
22 security practices.

23 (c) **REGULATIONS.**--Within six months after the date of the
24 enactment of this Act, the Director of the Office of
25 Personnel Management shall issue regulations prescribing the
procedures and scope of the training to be provided under

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1 subsection (a) and the manner in which such training is to be
2 carried out.

3 **SEC. 6. ADDITIONAL RESPONSIBILITIES FOR OPERATORS OF FEDERAL**
4 **COMPUTER SYSTEM FOR COMPUTER SYSTEMS SECURITY**
5 **AND PRIVACY.**

6 (a) **IDENTIFICATION OF SYSTEMS THAT CONTAIN SENSITIVE**
7 **INFORMATION.**--Within 6 months after the date of enactment of
8 this Act, each operator of a Federal computer system shall
9 identify each computer system, and system under development,
10 of that operator which contains sensitive information.

11 (b) **SECURITY PLAN.**--Within one year after the date of
12 enactment of this Act, each such operator shall, consistent
13 with the standards, guidelines, policies, and regulations
14 prescribed pursuant to section 111(f) of the Federal Property
15 and Administrative Services Act of 1949, establish a plan for
16 the security and privacy of the computer systems identified
17 pursuant to subsection (a). Copies of such plan shall be
18 transmitted to the National Bureau of Standards and the
19 National Security Agency for advice and comment. In the case
20 of a Federal contractor or other organization, such plan
21 shall be transmitted through its supervising Federal agency.
22 Such plan shall be subject to disapproval by the Director of
23 the Office of Management and Budget.

24 **SEC. 7. DEFINITIONS.**

25 As used in this Act, sections 18 and 19 of the National

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1 Bureau of Standards Act, and section 111(f) of the Federal
2 Property and Administrative Services Act of 1949--

3 (1) the term ``computer system'' means an
4 interconnected collection of equipment and procedures for
5 the automatic acquisition, storage, manipulation,
6 display, and any associated equipment and procedures for
7 electromagnetic transmission of information to or from
8 such collection;

9 (2) the term ``Federal computer system'' means a
10 computer system operated by a Federal agency (as that
11 term is defined in section 3(b) of the Federal Property
12 and Administrative Services Act of 1949) or by a
13 contractor of a Federal agency or other organization that
14 processes information for the Federal Government using a
15 computer system;

16 (3) the term ``operator of a Federal computer
17 system'' means a Federal agency (as that term is defined
18 in section 3(b) of the Federal Property and
19 Administrative Services Act of 1949), contractor of a
20 Federal agency, or other organization that processes
21 information for the Federal Government using a computer
22 system; and

23 (4) the term ``sensitive information'' means any
24 information, the loss, misuse, or unauthorized
25 modification of which could adversely affect the national

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1 interest or the conduct of Federal programs, or the
2 privacy to which individuals are entitled under section
3 552 of title 5, United States Code (the Privacy Act), but
4 which has not been specifically authorized under criteria
5 established by an Executive order or an Act of Congress
6 to be kept secret in the interest of national defense or
7 foreign policy.

8 **SEC. 8. AUTHORIZATION OF APPROPRIATIONS.**

9 There are authorized to be appropriated to each Federal
10 agency such sums as may be necessary for fiscal years 1987,
11 1988, and 1989 to carry out the computer systems security
12 training program established by section 5 of this Act and the
13 identification and planning requirements of section 6.

Amend the title so as to read: ``A bill to amend the Act establishing the National Bureau of Standards to provide for a computer standards program within such Bureau, to provide for government-wide computer security, and to provide for the training in security matters of persons who are involved in the management, operation, and use of Federal computer systems.''.``

COMPUTER FRAUD

9 Jan 86	Memo	To D/OC & OGC; SUBJECT: Cryptographic Security Bill
27 Jan 86	Ltr - DoJ	Proposed Amendment to H.R. 3378, "The Electronic Communication Privacy Act of 1985"
29 Jan 86	Memo	To OIT & OS; SUBJECT: Computer Security Legislation
6 Feb 86	Completed action	DoD Proposed Report on H.R. 2889, "Computer Security Act"
10 Feb 86	Memo	Computer Security Legislation
13 Feb 86	Ltr	To Deborah Leavy, HOR; Proposed amendment to H.R. 3378, "The Electronic Communication Privacy Act of 1985"
13 Feb 86	Ltr	To Michael O'Neil, HPSCI; Proposed amendment to H.R. 3378, "The Electronic Communication Privacy Act of 1985"
@ 3 Mar 86	Completed action	DoJ Proposed Testimony on H.R. 3378, "The Electronic Communication Privacy Act of 1985"
6 Mar 86	Committee Print	Substitute Amendment Offered by Mr. Glickman for the Subcommittee Amendment to H.R. 2889 "Computer Security Act of 1986"
14 Mar 86	Memo	Computer Security Legislation
19 Mar 86	Note	To Bernard Raimo, HPSCI re DoJ opinion regarding the proposed computer operation
21 Mar 86	Ltr	To OMB; Draft letter to Congressman Dave McCurdy requesting his assistance in obtaining certain technical changes to H.R. 2889, for OMB review & approval

28 Mar 86	Ltr	To NSA; Revised HPSCI proposal to amdnd H.R. 3378
@ 8 Apr 86	Completed action	DoJ and NSA Views Letters on H.R. 3378 -- To amend the Omnibus Crime Congrol and Safe Streets Act of 1968
10 Apr 86	Cong. Rec. Article	S. 2281 - Computer Fraud and Abuse Act
10 Apr 86	Ltr	Draft Laxalt-Tribble-Hughes computer crime bill
10 Apr 86	H.R. 4562	A bill - To amend title 18, United States Code, to provide additional penalties for fraud and related activities in connection with access devices and computers, and for other purposes
16 Apr 86	Cong. Rec. Article	The Computer Fraud and Abuse Act of 1968 (H.R. 4562)
17 Apr 86	Cong. Rec. Article	Access Devices and Computer (Chapter XXI)
17 Apr 86	Cong. Rec. Article	Comprehensive Crime Control Act Amendments
22 Apr 86	S. 1236	An act - To amend title 18 of the United States Code and other laws to make minor or technical amendments to provisions enacted by the Comprehensive Crime Control Act of 1984, and for other purposes
24 Apr 86	S. 2281	To amend title 18, United States Code, to provide additional penalties for fraud and related activites in connection with access devices and computers, and for other purposes
29 Apr 86	Completed action	GSA Proposed Reports on S. 1667 and H.R. 3378 - Electronic Communications Privacy Act of 1985

30 Apr 86	H.R. 4718	A bill - To provide additional penalties for fraud and related activities in connection with access devices and computers, and for other purposes
31 May 86	CQ Article	Congress Races to Stay Ahead of Technology
3 Jun 86	Cong. Rec. Article	Computer Fraud and Abuse Act of 1986
9 Jun 86	Memo	To OGC; SUBJECT: Update on Computer Security Legislation
18 Jun 86	Completed action	H.R. 2889 - Computer Security Act - as ordered reported by the House Science and Technology Cmte on June 4, 1986
19 Jun 86	Cong. Rec. Article	S. 2575
19 Jun 86	S. 2575	A bill - To amend title 18, United States Code, with respect to the interception of certain communications, other forms of surveillance, and for other purposes
19 Jun 86	Report	Electronic Communications Privacy Act of 1986, to accompany H.R. 4952
24 Jun 86	H.R. 4952	An act - To amend title 18, United States Code, with respect to the interception of certain communications, other forms of surveillance, and for other purposes

6 Aug 86	H.R. 2889	A Bill - To amend the Act establishing the National Bur. of Standards to provide for computer security research program within such Bureau & to provide for training of Fed. employees ...involved in the management, operation, & use of a.i.p.s.
12 Aug 86	Congr. Record Article	Excerpt from H.R. 2889 - Amendment to Computer Security Act of 1986
12 Aug 86	Memo - OMB	Final Statement of Administration Policy
14 Aug 86	Letter	From Congressmen to Claude Pepper re adjustments to bill to achieve passage.